

**SCHOOL BASED SERVICES  
FEE-FOR-SERVICE  
EXPENDITURE REPORTING OVERVIEW**

## Background

The Centers for Medicare and Medicaid (CMS) mandated that the Local Educational Agencies (LEAs), Public School Academies (PSAs) and Intermediate School Districts (ISDs) utilize a cost-based, provider specific and annually reconciled reimbursement methodology in order to receive federal funding. Federal matching funds are available for certain health-related/direct medical services, administrative outreach program (AOP) services, personal care services, targeted case management, and specialized transportation provided to children under the age of 21. Direct medical services include such services as physical therapy services, occupational therapy services, nursing services, speech therapy services to name a few. Covered services are detailed in the Medicaid Provider Manual, School Based Services Chapter located on the Michigan Department of Community Health (MDCH) website at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Policy and Forms >> Medicaid Provider Manual, scroll down to the School Based Services chapter.

Two different expenditure reports are utilized to capture the expenditure/cost data for the Fee For Service School Based Services program: 1) the Medicaid Allowable Expenditure Report (MAER) template and, 2) the financial worksheets from Public Consulting Group (PCG). The MAER will be completed annually by the LEAs, PSAs, or ISDs. The financial worksheets will be completed quarterly by PCG.

## LEA/PSA/ISD Information

### Expenditure Reporting Responsibilities

The LEAs, PSA or ISD must complete and return the appropriate expenditure reports. LEAs/PSAs/ISDs must keep documentation to verify all amounts recorded for a period of not less than seven years. Any supplies and materials or purchased services must be medically related and documentation must be maintained. Lack of documentation will result in a disallowance of these costs in the event of an audit.

The ISDs must run the summary application software provided to aggregate all LEAs and PSAs reports into one ISD level summary. The data file must then be electronically transmitted to MDCH. With each data file (MAER report) submission a cost certification form must be completed, signed and either mailed or faxed to MDCH at the address listed below. The ISD is responsible for the making sure that all LEA/PSA reports are submitted and complete. If a LEA or PSA does not complete and return their expenditure report it will negatively impact the federal dollars received. It is the responsibility of the ISD to recover any revenues that may have been distributed by the ISD to their LEAs or PSAs in error.

## General Instructions

To capture the cost of these services for the school fiscal year July 1 through June 30, two different expenditure reports will be utilized:

- **MAER Report** – This Medicaid allowable direct medical services expenditures and transportation expenditures are reported utilizing the Medicaid-Allowable Expenditure Report (MAER). This report is housed on the Michigan Department of Community Health (MDCH) website (<http://www.michigan.gov/medicaidproviders>) at the Provider Specific Information webpage along with the Expenditure Reporting Overview document, the Expenditure Reporting Instruction document and Settlement Summary Application software. The MAER is comprised of two data input sheets 1) the Medicaid Allowable Direct Medical Expenditure Report Entry Form which utilizes a subset of SE-4096 expenditures and 2) the Medicaid Allowable Specialized Transportation Expenditure Report Entry Form which utilizes a subset of the SE-4094 expenditures. The expenditures reported on the MAER reports must reflect both the Section 52 and Section 53 costs and must exclude any Section 51(a) (6) or federal funds. The LEA/PSA/ISD must also enter the total number of Specialized Transportation one way trips in the appropriate box on the expenditure report form.

The MAER report must be completed within six months of the close of the school fiscal year (December 31<sup>st</sup>).

- **PCG Excel Financial Worksheets** - Personal care services and targeted case management expenditures are reported utilizing Excel financial worksheets distributed by Public Consulting Group. These are the same financial worksheets utilized when reporting Administrative Outreach Program (AOP) staff costs. The financial worksheets will be completed on a quarterly basis and returned to PCG. These worksheets are not housed on the MDCH webpage.

The expenditures reported for calculating the Medicaid allowable costs include actual non-federal expenditures incurred during the school fiscal year. Purchased services and other expenditures reported for direct medical services must be “medically-related”. Medically related costs for any object code are defined as the cost for a service, supply or equipment whose primary or customary use is for a medical purpose and would not be useful in the absence of an illness or injury.

To report Medicaid allowable expenditures the LEA/PSA/ISD must go to the Michigan Department of Community Health website at: [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) and link to the Medicaid Provider Specific Information site for School Based Services, SBS FFS Expenditure Reporting. The SBS FFS Expenditure Reporting site will contain four documents: 1) The MAER Excel template (contains the input data forms for direct medical and transportation expenditures), 2) the Expenditure Reporting Overview, 3) the Expenditure Reporting Instructions and 4) the Summary Software Application. The MAER template is specific for one fiscal year. The user will need to download the correct template for the fiscal year that is being reported. When opened, the user will use the menu options to either start a new report or open an existing file that was previously saved. If the user chooses to start a new report, focus will be set on the school district code field for user entry.

If the user chooses to open a previously saved report file, a message box will be presented to the user asking if the report is being opened to make a revised cost report for the fiscal year. If the user indicates that this is a revised cost report, the revision checkbox will be checked, otherwise it will remain unchecked. If a user opens a file that was already saved as a revised cost report, the message box will not be displayed and the checkbox will automatically be checked.

Once the expenditure reports are completed, the file must be saved (the file automatically saves to a comma separated file) and then electronically transmitted to the ISD. If the LEA/PSA does not have the capability to electronically transfer the file to their ISD the MAER must be printed and mailed or faxed to the ISD for input. Once the ISD has received all of their LEA/PSA expenditure reports and reviewed them for reasonableness they will download and run the Summary Software Application. This application will summarize all of the LEA/PSA expenditure reports into an ISD summary level data file. The MAER summary data file must then be transmitted to MDCH along with a completed and signed cost certification form.

### **Cost Certification**

Upon receipt, the ISD will summarize all of their LEA/PSA MAER templates by running the summary software. The summary software will populate the Personal Care Services expenditures, the Targeted Case Management expenditures, the Cognizant Agency Indirect Cost Rate and the Medicaid IEP Eligibility Rate. The ISD must review the data for accuracy and reasonableness. Once the expenditure data is reviewed and agreed to, the ISD must electronically transmit the summary data file to MDCH and sign and forward, via mail or fax, the cost certification form to MDCH. Once MDCH receives both the summary data file and the cost certification form, upon auditor approval, the settlement process will begin.

### **Settlement Process**

Beginning with the initial cost data submission and with every successive submission the ISD must submit an electronic data file of the summary data file and a signed cost certification form. Revisions to the cost data can be done at any time prior to receiving the Notice of Program Reimbursement (NPR) for the final settlement. Revisions must be done to the appropriate cost year that the adjustment applies to.

## Technical Assistance

Any questions related to the MDE coding or cost categories should be directed to the Finance Management Unit at the following address and telephone numbers:

Michigan Department of Education  
Office of Special Education and Early Intervention Services  
Finance Management Unit  
P.O. Box 30008  
Lansing, Michigan 48909

Telephone: 517-373-6309 (regarding federal funds)  
517-241-4517 (regarding state funds)

Any questions related to the MDCH coverage or policy should be directed to:

Michigan Department of Community Health  
Bureau of Program Policy and Actuarial Services  
Program Policy Division  
School Based Services Policy  
P.O. Box 30479  
400 S. Pine, 7<sup>th</sup> Floor  
Lansing, MI 48909

Telephone: 517-241-8398

Any questions related to the Medicaid cost settlement process, cost revisions, website forms or expenditure reporting should be directed to:

Michigan Department of Community Health  
Bureau of Financial Management and Administrative Services  
Hospital and Health Plan Reimbursement Division  
Special Program Section  
P.O. Box 30479  
400 S. Pine, 5<sup>th</sup> Floor  
Lansing, MI 48909

Telephone: 517-335-5330

Any questions related to the financial worksheets for personal care services or targeted case management should be directed to:

Public Consulting Group, Inc.  
100 W. Monroe Suite 1200  
Chicago, IL 60606  
Attn: Sandy Pillar

Telephone: 1-888-277-6334 or  
312-425-0500 Ext 38

**Mailing Instructions**

The email should contain in the subject line MAER and the appropriate school fiscal year that the report is for (i.e. "MAER FYXXXX"). The completed MAER summary data file should be electronically transferred to MDCH via the address below:

Electronic submission email address: [RateSetting@michigan.gov](mailto:RateSetting@michigan.gov)

The completed and signed cost certification form should be mailed or faxed to:

Michigan Department of Community Health  
Bureau of Financial Management and Administrative Services  
Hospital and Health Plan Reimbursement Division  
Special Program Section  
P.O. Box 30479  
400 S. Pine, 5<sup>th</sup> Floor  
Lansing, MI 48909

Telephone: 517-335-5330  
Fax: 517-241-7408